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FARMERS HOME ADMINISTRATION—A Rural Credit Agency of the U.S. DEPARTMENT OF AGRICULTURE

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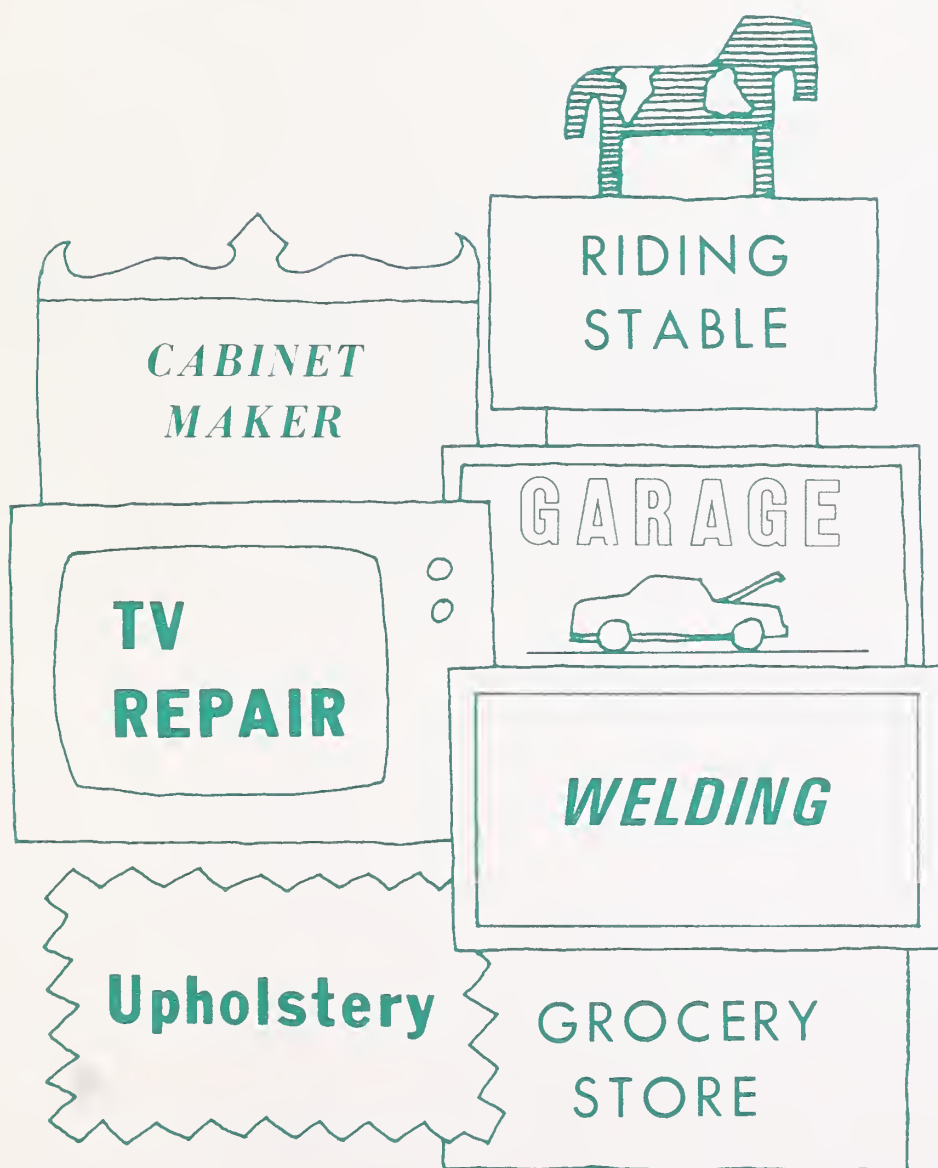
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## NONFARM ENTERPRISES

The Farmers Home Administration makes loans to family farmers and ranchers and gives technical and management assistance for development and operation of nonfarm enterprises to supplement farm income. If a real estate loan is to be made, the enterprise must be located on the borrower's farm. Each person applying for credit gets equal consideration without regard to race, color, creed, sex or national origin. Applications of eligible veterans are given preference. Both veterans and non-veterans must meet the same requirements and qualifications for loans.

Enterprises for which loans can be made include:

*Repair Shop  
Service Station  
Restaurant  
Grocery Store  
Welding Shop  
Roadside Stand  
Boarding Animals  
Cabinet Shop  
Riding Stable  
Sporting Goods Store  
Beauty Shop  
Custom Services  
Camping Sites  
Barber Shop*



## Who may borrow?

To be eligible, an applicant must:

1. Be or intend to become the owner-operator of a not larger than family farm, or be a tenant on such a farm. If a tenant, have a written lease for a sufficient period of time and under terms that will assure him reasonable returns on the nonfarm enterprise.

2. Have the experience or training to assure reasonable prospects of success in the proposed nonfarm enterprise. However, he need not have personally operated this type of enterprise.

3. Possess the character, ability and industry to carry out the nonfarm enterprise.

4. Manage and operate the nonfarm enterprise.

5. Be unable to obtain sufficient credit elsewhere at reasonable rates and terms.

6. Be a citizen of the United States of legal age.

7. Possess legal capacity to insure obligations.

## What may loans be used for?

1. To provide essential service buildings, land, and facilities for the nonfarm enterprise.

2. To buy, rent, or repair necessary tools, equipment, facilities, and furnishings.

3. To pay operating expenses.

4. To refinance debts, pay loan closing costs and other necessary expenses.

5. To purchase inventories and supplies.

6. To pay the costs of organizing the nonfarm enterprise.

7. To develop water and waste disposal systems essential to the enterprise.

8. To construct roads, ditches, or power, gas, and water lines on land where easements or rights-of-way are obtained.

## What security is required?

Intermediate-term credit is secured by liens on chattel property, including livestock, equipment, and fixtures. Each long-term loan will be adequately secured by real estate to protect the interests of the Government.

## What are the amounts and terms of loans?

The amount of credit depends on the applicant's needs and ability to repay the loan as reflected in plans developed with the county supervisor.

Intermediate-term loans up to \$50,000 may be made to finance equipment and operating expenses. The interest rates on these loans is determined each July 1. Repayments are scheduled over 1 to 7 years; in some cases loans may be renewed for up to 5 years.

Long-term loans are also available for real estate purposes, including purchase and construction of buildings. A farmer may borrow up to \$100,000 and the combination of all debts against the security property may not exceed \$225,000. The interest rate is 5 percent per year on the unpaid principal. The maximum term is 40 years.

A borrower may make large payments in years of high income to build a reserve that will keep the loan in good standing during years of low income. Each borrower must refinance the unpaid balance of the loan with private lenders when able to do so at reasonable rates and terms.

## What advisory service is available to borrowers?

Supervision and technical assistance will be provided borrowers to help achieve the objectives of the loan. This assistance may involve planning and analyzing the nonfarm enterprise, recordkeeping, and properly managing the business.

## Where and how are applications made?

Applications are made at the local county office of the Farmers Home Administration. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

## What other loans are made by Farmers Home Administration?

Loans may be made to:

- Purchase and develop farms.
- Buy livestock and equipment.
- Pay farm and home operating expenses.
- Convert farms to outdoor recreation.
- Build or improve homes or farm buildings.
- Provide rental housing.
- Develop water and waste disposal systems and other community facilities.
- Refinance debts.
- Perform soil and water conserving measures.
- Provide employment and improve economic well-being through loans to establish business and industry.

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